



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-90 – Disease Reporting and Control
Department of Health (State Board of)
May 19, 2010

Summary of the Proposed Amendments to Regulation

The State Board of Health proposes to require hospitals to report three additional measures associated with healthcare associated infections.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

Estimated Economic Impact

Section 32.1-35.1 of the Code of Virginia mandates that the acute care hospitals report nosocomial (healthcare-associated) infections to the Centers for Disease Control and Prevention's National Healthcare Safety Network and release their infection data to the State Board of Health which in turn may release the data to the public. The legislative mandate requires the Board to determine the types of infections to be reported and the patient populations to be included. As a result, the Board started requiring, in 2008, acute care hospitals to report central line-associated blood stream infections in adult intensive care units.

With this action, the Board proposes to require hospitals to report quarterly three additional measures associated with healthcare associated infections. These measures are central line-associated blood stream infections in two wards outside of intensive care units, *Clostridium difficile* infections that meet the Centers for Disease Control and Prevention definition of a laboratory-identified event, and surgical care improvement process measures pertaining to hip arthroplasty, knee arthroplasty, and coronary artery bypass graft surgeries.

According to the Centers for Disease Control and Prevention, National Healthcare Safety Network (NHSN) evolved from the National Nosocomial Infection System which was developed in the early 1970s to track healthcare-associated infections and has been a voluntary reporting system. The proposed regulations will require Virginia acute care hospitals to report additional measures to the already existing NHSN system and allow the Virginia Department of Health (VDH) to retrieve reported information.

According to VDH, of the approximately 90 hospitals that will start reporting the additional three measures, about 75% was already collecting data on central line-associated blood stream infections outside of intensive care units and about 93% was already collecting data on *Clostridium difficile* infections in some manner. All are required to collect data on surgical care improvement process measures pertaining to hip arthroplasty, knee arthroplasty, and coronary artery bypass graft surgeries and report it to the Centers for Medicare and Medicaid Services.

Also, according to a survey conducted by the Centers for Disease Control and Prevention 98% of the Virginia hospitals surveyed reported to use the NHSN definition for the central line-associated blood stream infections outside of intensive care units and 71% of the Virginia hospitals surveyed reported to use the NHSN definition for *Clostridium difficile* infections. Moreover, 19% of the Virginia hospitals surveyed reported they enter central line-associated blood stream infections outside of intensive care data into NHSN system and 10% of the Virginia hospitals surveyed reported they enter *Clostridium difficile* infections data into NHSN system.

In short, while reporting of additional three measures are expected to add to the hospitals compliance costs, these costs are somewhat mitigated because some hospitals already collect some data using the same definitions as proposed and report these measures to the NHSN system. According to a survey conducted by VDH, for reporting of central line-associated blood stream infections outside of intensive care units, 25% of the hospitals surveyed did not anticipate any additional hours, 31% anticipated 1-5 additional hours, 19% anticipated 6-10 additional hours, 15% anticipated 11-20 additional hours, 10% anticipated more than 20 additional hours would be needed. Similarly, for reporting of *Clostridium difficile* infections, 9% of the hospitals surveyed did not anticipate any additional hours, 28% anticipated 1-5 additional hours, 40%

anticipated 6-10 additional hours, 14% anticipated 11-20 additional hours, 9% anticipated more than 20 additional hours would be needed.

In addition, reporting of three additional measures is expected to demand more administrative resources from VDH. VDH believes that the current staffing level made possible by the temporary federal stimulus funding would be able to absorb the increased workload in terms of the retrieval of data reported to NHSN and dissemination of the same data to public if requested. While the verification of data could be costly, VDH does not plan to conduct data validation of the accuracy of the data reported.

On the other hand, the proposed regulations are expected to help reduce the number of healthcare related infections at the hospitals. The proposed regulations also benefit the public by enabling them to make informed healthcare choices by providing information that can be used as a proxy for hospital quality.

However, in the absence of data validation, it is unclear how the proposed reporting requirements could be effectively enforced. Also, due to litigation concerns, hospitals already have strong incentives to minimize the number of infections occurring at their facilities. Given already existing strong incentives to minimize infections, it is unclear whether reporting would be an effective way to reduce infections at the margin. Furthermore, because the proposed requirements do not channel additional resources to existing infection control programs the benefits are expected to be small. In fact, the introduction of the additional measures that must be reported may actually divert staff resources from infection control activities to reporting activities at the hospitals.

Businesses and Entities Affected

The proposed regulations will require 90 acute care hospitals to report healthcare-associated infection data to the Board.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed regulations are expected to increase the labor demand by hospitals and by VDH in order to report and retrieve healthcare-associated infection data.

Effects on the Use and Value of Private Property

The proposed regulations are expected to create non-negligible compliance costs on hospitals which would have a negative impact on the asset value of hospitals. Also, infection data will be available to the public. Depending on whether the infection data is favorable or not, some hospitals may see a decrease or increase in the demand for the healthcare services they are offering.

Small Businesses: Costs and Other Effects

According to VDH, of the 90 hospitals, 47 have fewer than 200 beds and could be considered as small businesses. The costs and other effects discussed above are the same for the small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no known less costly alternative method for reporting of the proposed three additional healthcare infection measures.

Real Estate Development Costs

The proposed regulations are not expected to have any significant effect on real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the

type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.